

CalPERS preferred centers for knee and hip replacement 2012 proposal

February 15, 2011

background

- CalPERS asked its plans to come forward with value-based purchasing initiatives that hold providers accountable for improved quality outcomes and that encourage use of the most cost-effective care settings
- implementation of value-based programs requires fundamental changes in the delivery system
 - network development
 - preferred centers
 - value-based benefit design
- Blue Shield is proposing preferred knee and hip replacement centers that will provide members with high quality, cost-effective providers statewide for the 2012 benefit year

preferred centers for knee and hip replacements will...

- provide members with health benefits that direct them to high quality, cost-effective providers
- result in savings to CalPERS -- without cost-shifting to members
- channel procedures to a subset of high quality providers with superior outcomes
- be the first of potentially many conditions or services that could benefit from a preferred center approach

our approach: quality first

- Step 1. identify high quality providers by developing a provider network that meets the quality criteria of the Blue Distinction Center program (BDC) for knee and hip replacement
- Step 2. select 2009 admits for CalPERS Blue Shield HMO members based on knee and hip replacement procedure codes used to qualify BDCs
 - 664 replacement procedures performed in 2009 based on an average membership of 403,447 members
- Step 3. determine optimal geographic location of facilities based upon CalPERS Blue Shield HMO member distribution
- Step 4. select cost-effective providers in these specific regions



- Blue Distinction Centers (BDCs) are facilities within Blue Shield's network of hospitals that are recognized nationally for distinguished clinical care and processes by the Blue Cross and Blue Shield companies
- facilities earn this designation based on rigorous, evidence-based, objective criteria and input from expert physicians and medical organizations
- studies indicate that Blue Distinction Centers® have better overall outcomes and lower costs for certain procedures when compared to non-designated medical facilities
- participation in Blue Distinction is voluntary for hospitals
 - 42 hospitals statewide met the Blue Distinction quality criteria
 - narrowed further based on cost/efficiency to determine eligibility for the CalPERS Preferred Centers Network

Blue Distinction Center criteria

Structure

- Established knee/hip surgery program with an experienced surgery team, including surgeons with board certification
- Comprehensive quality management program
- Multi-disciplinary teams and clinical pathways to coordinate care
- Internal registry or database to track patient outcomes over time
- Participation in the Surgical Care Improvement Project (SCIP) with $\geq 90\%$ performance on process measures

Process

- Processes exist for patient selection and appropriateness of surgery
- Processes exist that support transitions of care
- Shared decision-making
- Pain management and functional assessments
- Pre-operative patient education to maximize outcomes

Volume/Outcomes

- Facility volume: 100/yr
- Surgeon volume: 50/yr
- Complication rates*
- Average length of stay*
- Outcomes tracking*

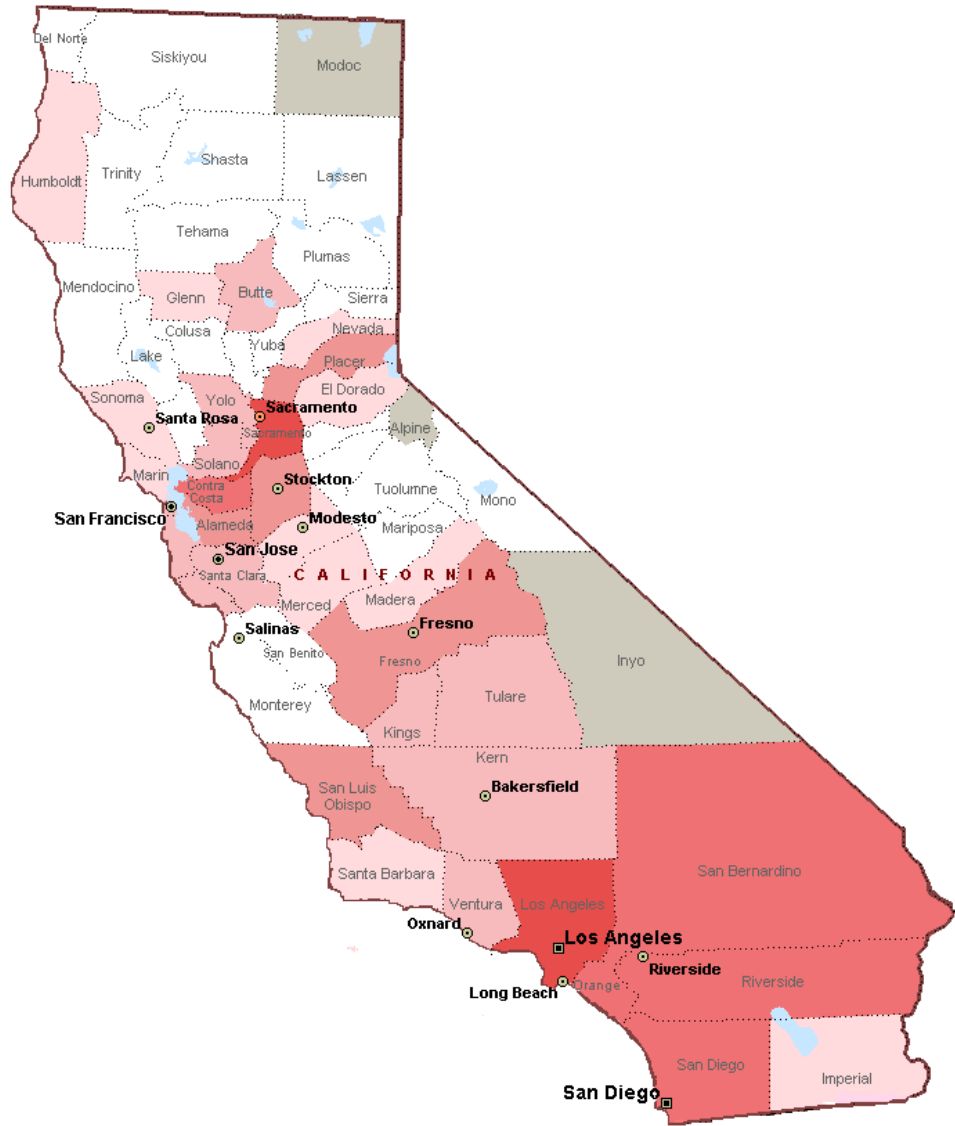
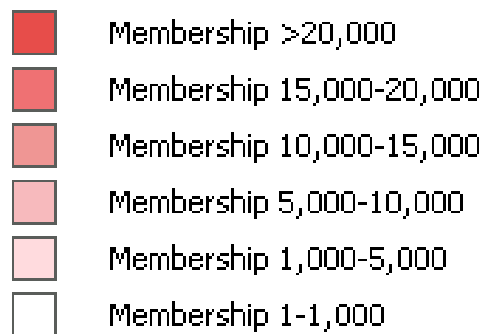
** Additional points awarded to facilities for these measures*

Business Requirements (Blue Shield-specific)

- Facility and most surgeons are contracted
- Cost/efficiency criteria

distribution of CalPERS Blue Shield members

Sacramento and Los Angeles
counties each have over
50,000 CalPERS Blue Shield
members



facilities selected based upon member distribution

- nine regions identified based on CalPERS Blue Shield member density
- one facility will be chosen in each of the nine regions to ensure appropriate coverage (nine total facilities)
- goal is for the vast majority of members ($\geq 80\%$) to travel less than 50 miles to obtain services

Breakdown of 2009 procedures (664) by Region	
Sacramento	219
San Francisco North & South	86
San Francisco – East Bay	98
Fresno	75
Los Angeles	94
San Bernardino	16
Orange County	19
Riverside	26
San Diego	31



travel benefit for the members that live >50 miles from a preferred center

Travel Benefit	CalPERS Blue Shield member	Companion (selected by CalPERS Blue Shield member)
eligibility	<ul style="list-style-type: none"> member's home must be <u>50 or more miles</u> from the preferred center 	<ul style="list-style-type: none"> selected by member
total number of trips allowed	<ul style="list-style-type: none"> 3 allowable trips pre-surgery, surgery, and post-surgery 	<ul style="list-style-type: none"> 2 allowable trips surgery and post-surgery
transportation to and from the facility	<ul style="list-style-type: none"> maximum of \$130 per trip 	<ul style="list-style-type: none"> maximum of \$130 per trip
hotel accommodations	<ul style="list-style-type: none"> maximum of \$100 per day maximum of 2 trips with a hotel: pre and post surgery (member stays at the hospital during surgery) maximum of 2 days allowed per stay 	<ul style="list-style-type: none"> maximum of \$100 per day maximum of 4 days allowed during surgery visit maximum of 2 days allowed during post-surgery visit
other reasonable expenses (as determined by Blue Shield)	<ul style="list-style-type: none"> not to exceed \$25 per day maximum of 4 days per trip 	<ul style="list-style-type: none"> n/a

approximate travel benefit total = \$1,550 per applicable case

communications plan

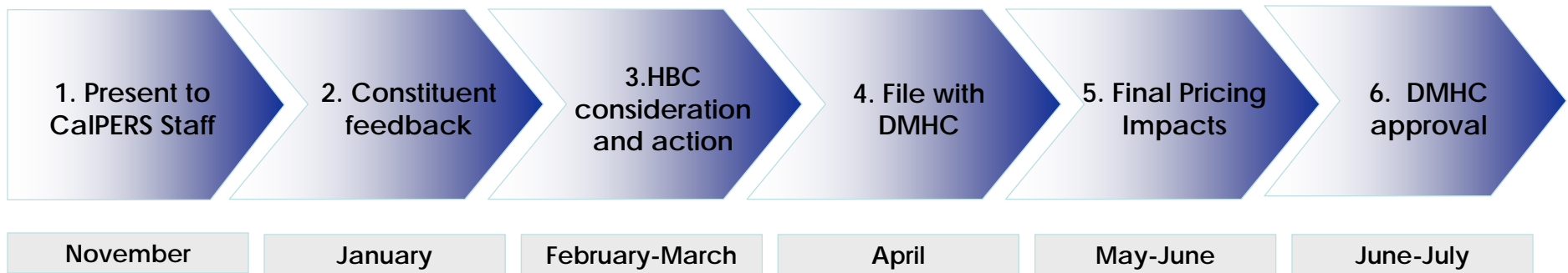
address specific needs of each distinct audience

- members
- Health Benefit Officers
- providers

communication vehicles

- change of service communications tailored to each audience
- member material updates
- frequently asked questions (FAQs)
- provider directory updates
- website updates/tools to easily identify providers
- reminder messages at all points of contact – newsletters, benefit package, directories
- Blue Shield customer service

proposed timeline for preferred centers



next steps

- solicit feedback on preferred centers from CalPERS staff and constituents
- discuss potential revisions and timing with CalPERS Health Benefits Committee; formal CalPERS Health Benefits Committee consideration and action
- initiate Blue Shield contracting efforts and preliminary DMHC filing for preferred centers
- launch member outreach and communication campaign